

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-0297A



Humboldt Water Systems Inc

PO Box 10593

Sedona, AZ 86339

RECEIVED

APR 11 2008

ARIZONA CORP. COMM.
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12

31

2007

FOR COMMISSION USE

ANN 04

07

PROCESSED BY:

4-11-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Humboldt Water Systems Inc.

Mailing Address PO Box 10593
(Street)

Sedona Arizona 86339
(City) (State) (Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address bradshawmanagement@gmail.com

Local Office Mailing Address PO Box 10593
(Street)

Sedona Arizona 86339
(City) (State) (Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Tim Kylo Pres
(Name) (Title)

PO Box 10593 Sedona AZ 86339
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

On Site Manager: Tim Kylo
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Tim Kylo
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: _____
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|--|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|--|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	2,378	1,070	1,308
302	Franchises			
303	Land and Land Rights	6,650	0	6,650
304	Structures and Improvements	10,041	3,177	6,864
307	Wells and Springs	19,897	19,134	763
311	Pumping Equipment	48,916	44,992	3,924
320	Water Treatment Equipment	2,087	2,087	0
330	Distribution Reservoirs and Standpipes	47,943	36,708	11,235
331	Transmission and Distribution Mains	119,437	95,774	23,663
333	Services	49,623	27,620	22,003
334	Meters and Meter Installations	37,735	24,948	12,787
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	344,707	255,510	89,197

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	2,378	5%	119
302	Franchises			
303	Land and Land Rights	6,650	0	
304	Structures and Improvements	10,041	5%	502
307	Wells and Springs	19,897	5%	995
311	Pumping Equipment	48,916	5%	2,446
320	Water Treatment Equipment	2,087	5%	0
330	Distribution Reservoirs and Standpipes	47,943	5%	2,397
331	Transmission and Distribution Mains	119,437	5%	5,972
333	Services	49,623	5%	2,481
334	Meters and Meter Installations	37,735	5%	1,887
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	344,707		16,799

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 5,349	\$ 6,949
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 5,349	\$ 6,949
	FIXED ASSETS		
101	Utility Plant in Service	\$ 340,103	\$ 344,707
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	238,711	255,510
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 101,392	\$ 89,197
	TOTAL ASSETS	\$106,741	\$96,146

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	19,146	22,096
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$19,146	\$22,096
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$23,071	\$24,969
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	40,424	44,479
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$40,424	\$44,479
	TOTAL LIABILITIES	\$82,971	\$91,544
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$2,031	\$2,031
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	21,757	(16,411)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$23,770	\$(14,380)
	TOTAL LIABILITIES AND CAPITAL	\$106,741	\$77,164

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$124,738	\$130,282
460	Unmetered Water Revenue		
474	Other Water Revenues	1,150	1,170
	TOTAL REVENUES	\$133,181	\$131,452
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	10,704	13,399
618	Chemicals	945	315
620	Repairs and Maintenance	31,759	45,592
621	Office Supplies and Expense	1,200	1,200
630	Outside Services	54,018	57,722
635	Water Testing	2,291	3,039
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	4,250	1,450
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1,200	1,200
403	Depreciation Expense	16,568	16,799
408	Taxes Other Than Income		
408.11	Property Taxes	5,441	5,392
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$128,226	\$146,108
	OPERATING INCOME/(LOSS)	\$4,955	\$(14,656)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	851	1,755
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$4,104	\$ (16,411)

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	01/09/99			
Source of Loan	wifa			
ACC Decision No.	61529			
Reason for Loan	improvements			
Dollar Amount Issued	\$39,500	\$	\$	\$
Amount Outstanding	\$24,969.42	\$	\$	\$
Date of Maturity	12/31/2019			
Interest Rate	5.81	%	%	%
Current Year Interest	\$ 1,754.78	\$	\$	\$
Current Year Principle	\$1,587.98	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 22,096

Meter Deposits Refunded During the Test Year \$1,575

COMPANY NAME Humboldt Water Systems Inc

Name of System:

ADEQ Public Water System Number: 13-052

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
623784	5	40	150	6	1 ½	?
533639	10	150	300	8	3	1991

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
65,000	1		
10,000	1		
5,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Humboldt Water Systems, Inc	
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	steel	10,000
3		
4	pvc	15740
5	steel	3,500
6		
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X ¾	
3/4	320
1	3
1 1/2	1
2	3
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

_____Chlorine injector

STRUCTURES:

_____Fenced well lot and building

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Humboldt Water Systems, Inc	
Name of System:	ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	308	1222	1269	
FEBRUARY	310	1543	1602	
MARCH	312	1455	1508	
APRIL	315	1957	2222	
MAY	311	1792	1851	
JUNE	311	2160	2232	
JULY	314	2665	2521	
AUGUST	311	1929	1904	
SEPTEMBER	311	2142	2249	
OCTOBER	312	1999	2054	
NOVEMBER	313	1809	1814	
DECEMBER	317	1491	1571	
TOTALS →		22164	22797	

What is the level of arsenic for each well on your system? _____.03_mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? ____ GPM for ____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☒ Yes ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Humboldt Water Systems, Inc YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 5,392.44

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED
APR 11 2008
AZ CORP COMM
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	YAVAPAI
NAME (OWNER OR OFFICIAL) TITLE	Timothy L. Kylo
COMPANY NAME	HUMBOLDT WATER SYSTEMS, INC.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

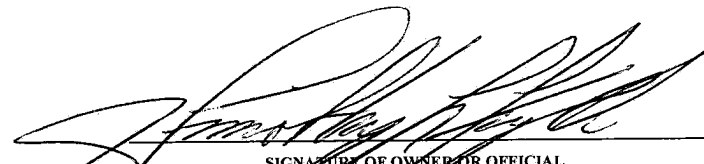
MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

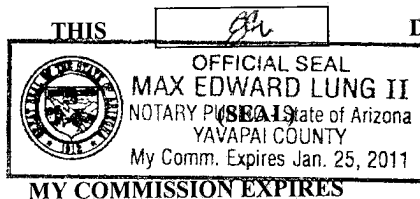
I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

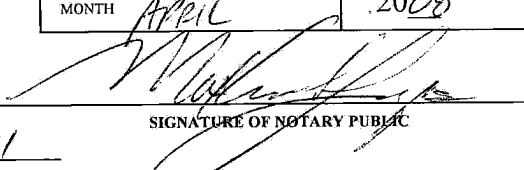

SIGNATURE OF OWNER OR OFFICIAL
928-203-0890
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



COUNTY NAME	YAVAPAI	
MONTH	APRIL	2008


SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Humboldt Water Systems Inc.
YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____ s corp _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE


DATE

Timothy L Kylo
PRINTED NAME

Pres
TITLE

2007

YAVAPAI COUNTY UTILITIES

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Timothy L. Kylo</u>
COMPANY NAME	<u>Humboldt Water</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2007</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 139,303

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 7,851
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 26 DAY OF

COUNTY NAME	<u>YAVAPAI</u>
MONTH	<u>APRIL</u> 20 <u>08</u>



OFFICIAL SEAL
MAX EDWARD LUNG II
NOTARY PUBLIC - State of Arizona
YAVAPAI COUNTY
My Comm. Expires Jan. 25, 2011

MY COMMISSION EXPIRES

1/26/2011

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
ARIZONA
STATE COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) YAVAPAI	
NAME (OWNER OR OFFICIAL) TIMOTHY L KYLLO	
COMPANY NAME HUMBOLDT WATER SYSTEMS, INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

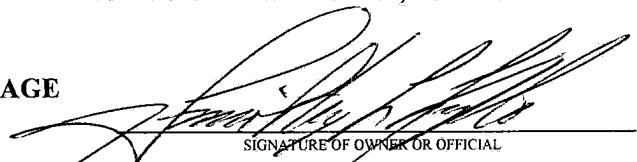
\$ 136,297

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 7,681

IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL
928-203-2890
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

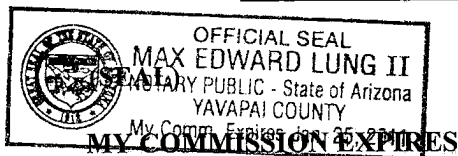
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

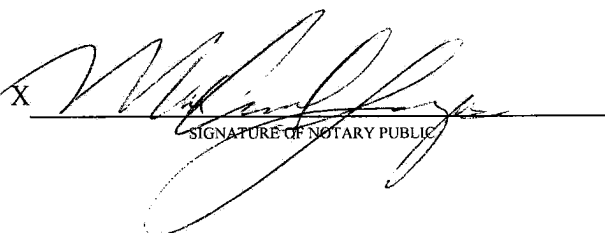
31st

DAY OF

NOTARY PUBLIC NAME <u>MAX EDWARD LUNG II</u>	
COUNTY NAME <u>YAVAPAI</u>	
MONTH <u>APRIL</u>	<u>2008</u>



1/25/2011


SIGNATURE OF NOTARY PUBLIC